

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

MLP TECHNOLOGY, INC.,
Plaintiff,
v.
LIFEMED ID, INC.,
Defendant.

No. 2:13-cv-02524 JAM-CKD

**ORDER GRANTING PLAINTIFF'S
MOTION TO RETRANSFER**

This matter is before the Court on Plaintiff MLP Technology, Inc.'s ("Plaintiff") Motion to Retransfer Venue to the Northern District of Ohio (Doc. #27). Defendant LifeMed ID, Inc. ("Defendant") opposes the motion (Doc. #37) and Plaintiff replied (Doc. #42).¹ For the following reasons, Plaintiff's motion is granted.

I. FACTUAL ALLEGATIONS AND PROCEDURAL BACKGROUND

Plaintiff originally filed this action on April 23, 2013, in

¹ This motion was determined to be suitable for decision without oral argument. E.D. Cal. L.R. 230(g). The hearing was scheduled for March 5, 2014.

1 the United States District Court for the Northern District of
2 Ohio ("the Ohio court") (Doc. #1). In the complaint, Plaintiff
3 alleges that Defendant infringed on its United States Patent No.
4 8,234,125. Id. ¶ 1.

5 On May 31, 2013, Defendant moved to transfer venue to the
6 United States District Court for the Eastern District of
7 California pursuant to 28 U.S.C. § 1400(b) and § 1404(a) (Doc.
8 #10). It argued that jurisdiction and venue were improper in the
9 Northern District of Ohio because it is a corporation organized
10 and existing under the laws of California and it lacks the
11 necessary minimum contacts with Ohio. Id. On December 3, 2013,
12 the Ohio court granted Defendant's motion to transfer for lack of
13 personal jurisdiction (Doc. #20). On December 23, 2013, after
14 the case was transferred to this Court, Plaintiff moved to
15 retransfer to the Northern District of Ohio (Doc. #27).

16 17 II. OPINION

18 A. Appropriate Motion

19 Plaintiff argues that this case should be retransferred to
20 the Northern District of Ohio because the transfer was clearly
21 erroneous. Defendant argues that the review of the Ohio court's
22 order to transfer is improper because Plaintiff failed to file a
23 timely motion for reconsideration, it failed to file a timely
24 writ of mandamus, and this issue cannot be relitigated.

25 Transfer orders are reviewable only in the circuit of the
26 transferor district court. Posnanski v. Gibney, 421 F.3d 977,
27 980 (9th Cir. 2005). However, "[a] party . . . is not without
28 any recourse. He may move in the transferee court to retransfer

1 the action to the transferor court and the denial of that motion
2 is reviewable in the transferee circuit." Id. at 980-81. A
3 court may retransfer a case "when a clear error has been
4 committed or when it is necessary to prevent manifest injustice."
5 Pac. Coast Marine Windshields v. Malibu Boats, 1:11-CV-01594-LJO,
6 2011 WL 6046308, at *2 (E.D. Cal. Dec. 5, 2011)(citing Arizona v.
7 California, 460 U.S. 605, 618 n. 8 (1983)). Therefore, despite
8 Defendant's contention, the Court finds that it may review the
9 Ohio court's order to transfer even though Plaintiff failed to
10 timely file a motion for reconsideration or a writ of mandamus.

11 B. Applicable Law

12 Plaintiff argues that the transferring court clearly erred
13 because Federal Circuit Law, not Sixth Circuit law, governs
14 personal jurisdiction analyses in patent infringement actions.
15 Defendant argues that the Ohio court properly applied Sixth
16 Circuit law in deciding the motion to transfer.

17 In a patent infringement case, Federal Circuit law controls
18 whether the exercise of personal jurisdiction over an out-of-
19 state infringer is consistent with due process. Akro Corp. v.
20 Luker, 45 F.3d 1541, 1543 (Fed. Cir. 1995). Defendant cites In
21 re Vistaprint Ltd., 628 F.3d 1342, 1344 (Fed. Cir. 2010), for the
22 proposition that "the Federal Circuit has held that where a
23 petition does not raise issues unique to its jurisdiction, then
24 the law of the regional circuit in which the district court sits
25 should be applied." Opp. at 5. However, Vistaprint does not
26 apply in this situation. In Vistaprint, the Federal Circuit was
27 determining whether a venue was clearly more convenient pursuant
28 to 28 U.S.C. § 1404 not whether personal jurisdiction exists.

1 Accordingly, Federal Circuit law applies not Sixth Circuit
2 law. See e.g., Schwanger v. Munchkin, Inc., 217 F.3d 854 (Fed.
3 Cir. 1999) ("The district court in this case erroneously applied
4 Sixth Circuit law in its federal due process analysis, resulting
5 in an alternate ground of dismissal for lack of personal
6 jurisdiction.")

7 C. Personal Jurisdiction

8 As a result, the critical inquiry in this case is whether
9 the Ohio court's order to transfer this case for lack of personal
10 jurisdiction was clearly erroneous or manifestly unjust under
11 Federal Circuit law. Determining whether a court may exercise
12 personal jurisdiction over a defendant ordinarily requires a two-
13 step inquiry: (1) whether the forum state's long-arm statute
14 reaches the defendant; and (2) whether the exercise of
15 jurisdiction comports with the federal constitutional principle
16 of due process. See Red Wing Shoe Co., Inc. v. Hockerson-
17 Halberstadt, Inc., 148 F.3d 1355, 1358 (Fed. Cir. 1998).
18 Plaintiff only seeks reconsideration of the Ohio court's federal
19 due process determination. Defendant fails to address this
20 argument in its opposition to this motion.

21 The Federal Circuit has established a three-part test to
22 determine personal jurisdiction under federal due process: "(1)
23 whether the defendant purposefully directed its activities at
24 residents of the forum, (2) whether the claim arises out of or
25 relates to those activities, and (3) whether assertion of
26 personal jurisdiction is reasonable and fair." 3D Sys., Inc. v.
27 Aarotech Labs., Inc., 160 F.3d 1373, 1378 (Fed. Cir. 1998)(citing
28 Akro, 45 F.3d at 1545-46).

1 1. Purposeful Availment

2 Under the first prong, the Ohio court found that Defendant
3 contracted with a third party to facilitate sales of the
4 allegedly infringing product in Ohio, and Defendant negotiated
5 with Plaintiff but never entered into a contract with Plaintiff.
6 Thus, the Ohio court held that "these acts are so attenuated that
7 they do not demonstrate purposeful availment of Ohio laws."
8 Order Granting Defendant's Motion to Transfer Venue, Doc. #20, at
9 8. Plaintiff argues that these activities are sufficient to
10 satisfy the first prong of the Federal Circuit's due process
11 test, relying on 3D System, Inc. v. Aarotech Labs., Inc., 160
12 F.3d 1373 (Fed. Cir. 1998).

13 In 3D System, the Federal Circuit found that the first prong
14 was satisfied for one of the out-of-state defendants because the
15 defendant sent eight promotional letters containing price
16 quotations and descriptions of its merchandise to four California
17 companies, solicited orders for models, sent videos and sample
18 parts, issued price quotations to California residents, responded
19 to e-mail requests and purchased parts for its equipment in
20 California. Id. at 1378.

21 Similarly, in this case, Defendant offered to sell
22 infringing products in Ohio through an established distribution
23 network and they negotiated with Plaintiff, which resides in
24 Ohio. Therefore, this Court finds that Defendant's activities
25 have been purposefully directed at Ohio and, therefore, the first
26 prong of the due process test has been satisfied.

27 2. Related Activities

28 Under the second prong, Plaintiff's claim must arise out of

1 or relate to Defendant's activities in the forum. "The proper
2 test for 'giving rise' to a cause of action is not whether the
3 activity in the forum state was the exclusive ground of the
4 plaintiff's complaint against the defendant. Rather, the test is
5 whether the activity in the forum state is a basis for the cause
6 of action." HollyAnne Corp. v. TFT, Inc., 199 F.3d 1304, 1308
7 n.4 (Fed. Cir. 1999). The offers to sell form a basis for the
8 cause of action in this case. Under 35 U.S.C. § 271(a), an offer
9 to sell an infringing product is an act of infringement. 35
10 U.S.C. § 271(a); see 3D Systems, 160 F.3d at 1379 (holding that
11 an offer to sell exists under the patent statute if the
12 communication contains both (1) the description of the product,
13 and (2) a price at which it can be purchased).

14 Therefore, here, by promoting and offering the infringing
15 product for sale in Ohio in direct competition with Plaintiff,
16 Defendant has caused and continues to cause commercial injury to
17 Plaintiff within Ohio. In addition, as Plaintiff argues,
18 Defendant became aware of Plaintiff's patent through the failed
19 negotiations. Accordingly, Plaintiff's claim arises out of
20 Defendant's offers to sell and the negotiations.

21 3. Reasonable and Fair

22 Under the third prong, "where personal jurisdiction has been
23 shown to otherwise comport with due process, the defendant may
24 yet defeat it on constitutional grounds if he can make a
25 compelling case that the presence of some other considerations
26 would render jurisdiction unreasonable." Akro Corp. v. Luker, 45
27 F.3d at 1549 (citations and internal quotation marks omitted).
28 In its opposition, Defendant did not attempt to make a compelling

1 case that personal jurisdiction would be unreasonable. Therefore,
2 Defendant has not met its burden.

3 Because all three parts of the federal due process test are
4 met, Defendant is subject to personal jurisdiction in Ohio.
5 Accordingly, the Court finds that the decision to transfer was
6 clearly erroneous.

7 D. Manifest Injustice

8 Plaintiff also argues that the transfer order "works a
9 manifest injustice to MLP by requiring it to litigate its patent
10 infringement claim in a distant forum that has one of the largest
11 caseloads of any federal district in the country." Mot. at 9.
12 Defendant does not address this argument. Plaintiff is a start-
13 up company with limited resources located in Ohio with all the
14 executives and business records also located in Ohio. Further,
15 due to the Eastern District of California's congested court
16 docket, especially compared to the Northern District of Ohio,
17 resolution of Plaintiff's claim will be unjustly delayed. See
18 U.S. District Courts-Weighted and Unweighted Filings per
19 Authorized Judgeship, Table X-1A, at 3, 4 (available at
20 [http://www.uscourts.gov/Statistics/JudicialBusiness/2013/us-](http://www.uscourts.gov/Statistics/JudicialBusiness/2013/us-district-courts.aspx)
21 [district-courts.aspx](http://www.uscourts.gov/Statistics/JudicialBusiness/2013/us-district-courts.aspx)).

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1 Accordingly, the Court finds that retransferring this action to
2 the Northern District of Ohio is necessary to prevent manifest
3 injustice.

4 III. ORDER

5 For the reasons set forth above, the Court GRANTS
6 Plaintiff's Motion to Retransfer.

7 IT IS SO ORDERED.

8 Dated: March 13, 2014

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10 
11 JOHN A. MENDEZ,
12 UNITED STATES DISTRICT JUDGE
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